

Striking gold at the

California Exposition and State Fair

Cal Expo — home of the California Exposition and State Fair — is an economic, social and cultural treasure for local communities. In 2002, the fair contributed more than \$250.1 million in economic impact to Sacramento County, created 2,104 local jobs and generated more than \$3.8 million in local tax revenues.^{1 2 3}

The California Exposition and State Fair is a separate state entity with a governing board of directors appointed by the governor. However, the fair organization does not receive money from the state general fund. Rather, it is funded through revenues it generates locally and \$265,000 it receives annually from a licensing fee on wagers placed on horse racing. Pari-mutuel wagering on horse racing in California was allowed through a constitutional amendment in 1933, with a portion of the revenues designated to support the network of California fairs.

The California Department of Food and Agriculture's Division of Fairs and Expositions engaged the firm of KPMG LLP to measure the annual economic and social impacts of the California Exposition and State Fair and produce a report detailing their findings.⁴ Based on information presented in this report, the fair organization should be considered a gold mine for their community and the Golden State.

Economic Impact: At the Assayer's Office

In 2002, the fair organization created significant economic impacts on the local economy.

- Overall impact of spending by all participants at fairtime and year-round events resulted in a total economic impact on the county of more than \$250.1 million.
- Attendee direct spending at fairtime and year-round events totaled approximately \$121 million.
- Annual personal income impact from attendee, fair organization and fair-related business spending totaled nearly \$56 million.
- Full-time equivalent jobs created by the fair organization through direct employment and multiplier impacts reached 2,104.
- City and county governments collected an estimated total of more than \$3.8 million in tax revenues from year-round activities held at the fairgrounds.
- For each worker the fair organization and related business employs, an estimated 2.93 additional jobs are created in the county. For each dollar that economic participants pay their employees, an estimated \$2.07 in total personal income is produced in the local economy.
- Each dollar spent by the fair organization and year-round event participants generates an estimated 27 cents of additional spending in the county, for a total impact of \$1.27 per dollar spent.

Agriculture: The Gold Nugget

A central feature of the fair is to educate people about the importance of agriculture in California.

- Eighty-one percent of fairgoers felt that they knew more about agriculture after going to the fair.
- The fair is a critical part of the local junior livestock program, which educates young people about the breeding, raising and grooming of farm animals. The junior livestock auction at the fair grossed \$174,075, with 42 animals purchased by 300 buyers.
- During 2002, the fair judged 19,352 exhibits, including 5,571 agricultural exhibits. This resulted in \$475,875 paid in prize money to fair participants.

Fair-Related Businesses: Services to a Golden Industry

Fair-related businesses provide many goods and services that are essential to the fair experience.

- Commercial exhibitors generated roughly \$33.5 million in local spending, more than \$11.2 million in personal income, 357 local jobs and \$306,006 in local taxes. Attendee spending on commercial exhibitor merchandise totaled more than \$63.4 million, which generated more than \$1.1 million in local taxes.
- Combined economic impact of spending by commercial exhibitors plus attendee spending on commercial merchandise at fairs and year-round events totaled more than \$96.9 million.

- Concessionaires created nearly \$8.6 million in local spending, almost \$4.2 million in local personal income, 102 local jobs and \$191,944 in local taxes. Attendee direct spending on food and beverages totaled approximately \$11.3 million, which generated \$197,357 in local taxes.
- Total economic impact from the carnival generated \$981,803 in local spending, 10 local jobs, \$288,488 in local personal income and \$52,607 in local taxes.
- Entertainment at the fair created \$44,596 in local spending, \$35,718 in local personal income, one local job and \$492 in local taxes.

Community Groups: Mining for Gold

The fair is a major venue for local community groups and nonprofit organizations to raise money and awareness of their programs.

- In 2002, nonprofit groups raised \$18,212 at Cal Expo for community programs and services. Include the \$174,075 raised at the junior livestock auction, and a total of \$192,287 was raised for community benefits.
- Twenty-three of California's fairgrounds host a satellite wagering facility at which wagers may be placed on horse racing. A percentage of the total amount wagered is paid to local governments for services provided to the facility. Under this program, the California Exposition and State Fair contributed \$164,860 to Sacramento County in 2002.
- Friends of the California State Fair offers a scholarship program that awards more than \$26,500 annually for college and graduating high school students. Scholarships are awarded in the areas of the arts, general studies, agriculture, international studies and teaching.

Attendees: A Golden Treasure

Californians love their fairs and fairground events.

- Fairtime attendance was 1,003,022 in 2002, and year-round events attracted another 2,459,017 people. Total annual attendance at Cal Expo was 3,462,039, which represents 275 percent of the county's population.
- Attendee spending at year-round events totaled about \$63.7 million
- The average visitor attends the fair 1.9 times per year and lives within 100 miles.

Social and Cultural Impacts: Giving Back

While the economic impact of the fair is remarkable, it is the social and cultural impacts that may leave the most lasting impression on Californians.

- The fair provides a focal point for community members to celebrate their heritage, compete in a variety of events, hold family reunions, display and view artwork, learn about other cultures, premier new inventions, and showcase the best of California.
- Ninety-six percent of attendees agreed that the fair provided worthwhile community benefits.

Conclusion: A Golden Legacy

As this profile of the California Exposition and State Fair illustrates, fairs entertain and educate, but they also have immense economic, educational, social and cultural impacts. Economic impacts range from spending by attendees and businesses to nonprofit fundraising to job creation and to tax revenues. From people's paychecks to community services, the return on investment from fairs is widespread.

Fairs, however, represent much more than dollars-and-cents. Fairs offer a link between urban and rural California. They serve as tools for educating Californians about the importance of agriculture and introducing young people to both traditional and innovative aspects of life on the farm.

Fairs reach far beyond their agrarian roots and encourage industries and individuals to strive for excellence through competitions. Winning the blue ribbon at a fair competition is a great incentive to showcase the best of California.

Finally, through their social and cultural impacts, fairs embody the community spirit and highlight the diversity of the Golden State.

Gray Davis, Governor of California

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California Exposition and State Fair

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¹ The economic impacts presented in this profile are local in nature and are for Sacramento County only. Economic impacts presented in *Fairs: Exploring a California Gold Mine* are for the entire state of California. Since the impact areas in the two studies are different, results of the two studies are not directly comparable.

² For study methodology, refer to Appendix B of *Fairs: Exploring a California Gold Mine*.

³ Jobs are measured by full-time equivalent counts. Due to the heavy reliance on temporary and part-time workers, the actual number of jobs is much greater.

⁴ This report was prepared by KPMG at the request of the California Department of Food and Agriculture (CDFA), Division of Fairs and Expositions (F&E) for the exclusive benefit of CDFA-F&E and is subject to limitations described herein. KPMG relied upon data and other information provided by F&E and other sources, which were not independently verified by KPMG.